

TRIAL EXHIBIT 1061

From: Aditya Agarwal. Sent: 10/5/2010 4:33 PM.
 To: [-] Nicole Dalton.
 Cc: [-]
 Bcc: [-]
 Subject: Re: OCQ deck - quick help needed.

No actually just use the attached Q2 deck to ensure that the numbers are consistent. I am pretty sure we had 6/30 numbers in the attached deck and they should be pretty solid.

--
 Aditya Agarwal
 Android Finance
 650-253-1447

On Tue, Oct 5, 2010 at 4:13 PM, Nicole Dalton <ndalton@google.com> wrote:

Actually, no worries - I'll just do fresh Q/Q comparisons (based on 6/30 data).

I'll reach out to Ikkjin for fresh device data (Q2 and Q3).

Thanks,
 Nicole

On Tue, Oct 5, 2010 at 4:06 PM, Nicole Dalton <ndalton@google.com> wrote:

Hi Aditya,

I do not have access to the Q2 deck. Can you please add me?

Thanks,
 Nicole

On Tue, Oct 5, 2010 at 2:43 PM, Aditya Agarwal <adityaa@google.com> wrote:

Nicole, can you help me fill in all the data on slide 4 of the attached deck. All numbers to be as of 09/30/10. And you can do Q/Q comparison by using numbers from the Q2'10 OCQ deck.

Thanks!

--
 Aditya Agarwal
 Android Finance
 650-253-1447

--
 Nicole Dalton
 Financial Analyst, PMEngOps Finance
 desk: 650-214-5070; cell: 650-580-5009

UNITED STATES DISTRICT COURT
 NORTHERN DISTRICT OF CALIFORNIA

TRIAL EXHIBIT 1061

CASE NO. 10-03561 WHA

DATE ENTERED _____

BY _____

DEPUTY CLERK

--
Nicole Dalton
Financial Analyst, PMEngOps Finance
desk: 650-214-5070; cell: 650-580-5009



Android

OC Quarterly Review - Q2 2010
July 12, 2010

Andy Rubin, Mario Queiroz, Daniel Conrad,
Aditya Agarwal, Matt Vokoun



Agenda

- OCQ
 - Android momentum
 - Highlights/Lowlights
 - P&L and key metrics
 - Product Roadmap
- Revenue Growth
 - Android strategy
 - Music
- Priorities and Asks



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Android Momentum

Google Android Momentum Continues to Build

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Google Android Momentum Continues to Build

Mobile Computing | Feature | Mike Vizard | Wednesday, June 23, 2010
Tags: application development, Google

Number of developers lending support to Google Android suggests huge market shift is underway.

Very Interested in Developing for Each Platform

1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9

| Tier | Platform | Percentage |
|--------|-----------------|------------|
| Tier 1 | iPhone (iOS) | 90% |
| | iPad (iOS) | 84% |
| | Android Phone | 81% |
| | Android Tablet | 62% |
| Tier 2 | BlackBerry | 34% |
| | Windows Phone 7 | 17% |
| Tier 3 | Symbian | 15% |
| | Palm Pre / Play | 13% |
| | Nemo | 11% |
| | Kindle | 4% |

Source: Appcelerator, Inc. 5/4/2010

Apple platforms still lead, but Google Android is closing in.

As momentum surrounding the **Google Android platform** continues to build, Google may soon find itself in a position to seriously challenge Microsoft for the hearts and minds of developers.

A recent survey of 2,733 developers conducted by **Appcelerator**, a provider of tools for developing mobile applications, finds that the Google Android platform is already closing in on Apple in terms of support from smartphone application developers. But interest in Android is also starting to carry over into next generation tablets and a host of other devices that benefit from Web connectivity.

What iPhone? Here Come FOUR MORE Android Phones From Samsung

BUSINESS INSIDER SAI

POTENZA | TURANZA
Sure, it's just a tire. Like the Grand Canyon is just another hole in the ground.
MORE ABOUT DUELER

HOME SAI WIRE CLUSTERSTOCK MONEY GAME WAR ROOM TRAVEL LATEST VIDEO LIVE
ONLINE MOBILE GADGETS MEDIA STARTUPS ROAD WARRIORS MOST COMMENTED SAI 50

Hot » BP | Big Tech | Economy | Markets | Online | Wall Street ... more topics

What iPhone? Here Come FOUR MORE Android Phones From Samsung

Dan Frommer | Jun. 28, 2010, 11:06 AM | 23,758 | 36

51 | [Subscribe](#) | [Share](#) | [6](#)

One of Google Android's strengths relative to Apple's iPhone – at least from a market share and platform adoption perspective – is that it's quickly getting sprayed everywhere.

The latest: **Four more** Android smartphones from Samsung, which were just announced for all four major U.S. wireless carriers. They're all part of Samsung's new "Galaxy S" lineup of high-end phones.

None of these phones will likely sell as well individually as Apple's new iPhone 4. But broadly, Android's ever-growing adoption by mobile phone makers and mobile carriers could eventually push Google's market share above

[Click here to check out the phones -->](#)

AAPL Jun 30 2010, 04:30 PM EDT

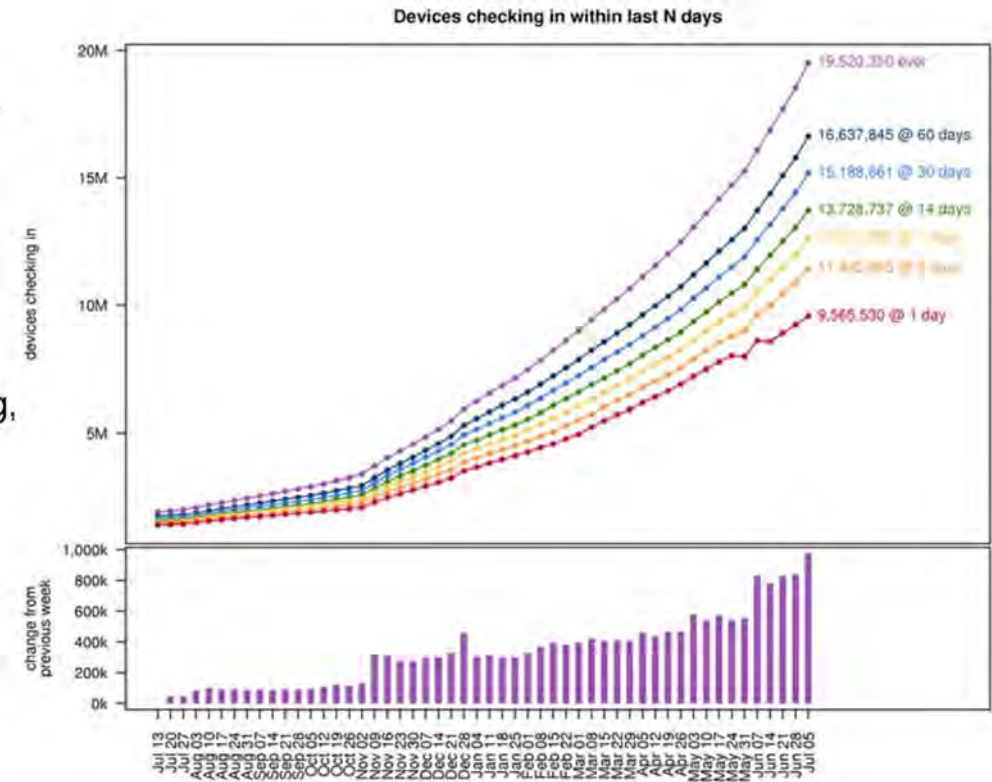
251.53 Change -4.64 % Change -1.81%

Highlights & Lowlights

>20M Android Devices Activated

HIGHLIGHTS

- 20M Android devices sold to date (+82% Q/Q)
- 160K Android devices with Google services activated per day (+128% Q/Q)
- 70K apps in Android Market (+94% Q/Q)
- 32M daily SRP (+82% Q/Q vs. +14% overall mobile)
- 2.65 searches/day per 7-day active device
- \$120M/year ads revenue run-rate (+47% Q/Q)
- \$9.83/year ads revenue per 7-day active device
- New wave of OEMs launching strong products: Samsung, Sony Ericsson, LG
- All major operators (worldwide) committed to Android
- Decisive and successful transition of DTC
- Marketing: Android app videos on YouTube; Verizon Droid Apps \$60M+ campaign, Sprint Evo, Samsung co-marketing



LOWLIGHTS

- Apple momentum continues with strong launches (iPad, iOS, iPhone 4) + iBooks
- Behind on music, video, books
- Market: Low rate of app purchases, policy issues
- Billing: Geographies, credit-card only, no in-app, no subscription
- Various competing app stores, and carrier walled gardens (JIL)
- Some Android devices shipping without Google search

- Device numbers are "all-time check-ins"; data as of 6/30/2010. Data from go/android-stats
- As of Mar-2010: 29 devices across 62 carriers, 50 countries and 19 languages
- Revenue/Searches data from mobile dashboard

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Android P&L

Strong revenue growth due to increase in the number of Android devices

- Continuing to invest in Engineering and Marketing
- 20M Android phones now, 40M by YE 2010, 95M YE 2011, 145M YE 2012, 220M YE 2013

| | 2009 | YTD 2010 through May | | | FY 2010 | | | 2011 | 2012 | 2013 |
|--------------------------------------|---------------|----------------------|---------------|----------------|---------------------|---------------|----------------|--------------|--------------|----------------|
| | Actual | Actual | Plan | Δ vs. Plan | Forecast | Plan | Δ vs. Plan | Target | Target | Target |
| <i>amounts shown in USD millions</i> | | | | | | | | | | |
| Revenue | 16.8 | 132.1 | 240.3 | (108.2) | 278.1 | 626.0 | (347.8) | 507.3 | 840.2 | 1,336.3 |
| Revenue - Ads | 15.7 | 26.8 | 10.6 | 16.2 | 158.9 | 62.7 | 96.3 | 492.8 | 804.3 | 1,271.5 |
| Revenue - App Sales | 1.1 | 1.6 | 0.7 | 0.9 | 3.8 | 2.7 | 1.1 | 14.5 | 35.9 | 64.8 |
| Revenue - DTC | - | 103.7 | 229.1 | (125.4) | 115.4 | 560.6 | (445.2) | - | - | - |
| Rev Share - Ads | 2.8 | 10.4 | 2.7 | (7.7) | 61.8 | 16.2 | (45.7) | 192.2 | 313.7 | 495.9 |
| Operations | 0.5 | 0.5 | 0.5 | - | 1.2 | 1.2 | - | 1.4 | 1.5 | 1.6 |
| COS - DTC | 0.3 | 94.7 | 199.1 | 104.4 | 108.9 | 483.1 | 374.3 | - | - | - |
| Gross Margin | 13.2 | 26.4 | 38.0 | (11.5) | 106.3 | 125.5 | (19.2) | 313.7 | 525.0 | 838.8 |
| Sales | 3.2 | 2.0 | 2.0 | (0.1) | 5.0 | 5.0 | 0.0 | 5.7 | 6.3 | 6.6 |
| Marketing | 16.6 | 19.8 | 28.6 | 8.8 | 76.9 ⁽²⁾ | 58.8 | (18.1) | 88.4 | 97.3 | 102.1 |
| PM | 1.9 | 2.5 | 1.2 | (1.3) | 7.3 | 3.1 | (4.3) | 8.4 | 9.3 | 9.7 |
| Engineering | 41.1 | 45.0 | 40.2 | (4.8) | 117.2 | 94.6 | (22.5) | 134.7 | 148.2 | 155.6 |
| Legal | 2.1 | 4.2 | 0.7 | (3.4) | 12.7 | 1.9 | (10.9) | 14.6 | 16.1 | 16.9 |
| Product Contribution | (51.7) | (47.1) | (34.7) | (12.4) | (112.9) | (37.8) | (75.0) | 61.8 | 247.8 | 547.8 |

Represents
\$1.3B in total
App Sales (1)

(1) Google accounts ~5% revenues for App Sales and does not account for 70% that goes to the developers, and ~25% that goes to the carriers.

(2) 2010 Marketing spend includes \$25M incremental H2 ask for tablets/ gaming devices co-marketing (pending OC approval).

- Only 15 of the 286 total heads work on the hardware releases with partners (5 Eng, 8 PSO, 2 Business Development).

- 2011, 2012, and 2013 Operating Expenses assume a growth rate of 15%, 10%, and 5% respectively.

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Android Ads Revenue

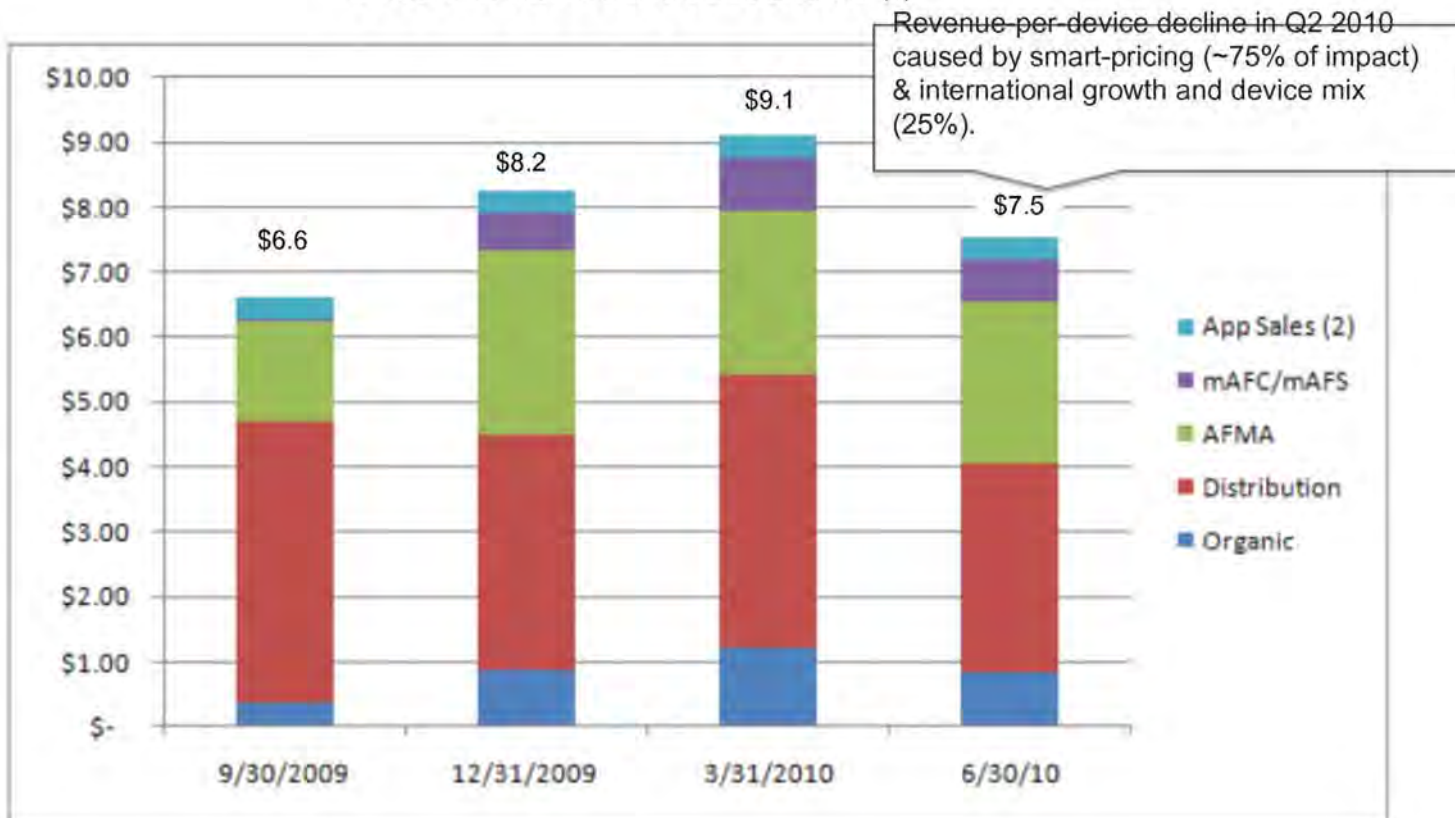
\$120M/year run rate (+47% Q/Q)

- Android #2 contributor to Google mobile revenues, from #4 at the end of Q1. Apple \$281M; DoCommo \$111M; KDDI \$95M
- Strong growth from Droid, Droid Incredible, and Sprint Evo (430K Incredible's sold since Apr 29, 485K Evo's sold since June 4)
- Android RPM = \$9; Apple = \$6.7



Android Revenue Per Handset

Annual Revenue Run Rate Per Android Handset ⁽¹⁾



Key drivers of additional revenue opportunities

- Usage Growth as Hardware/Platform Improves
- Enhanced Display, Search, Local Ads Formats
- Tablet growth, with high usage and monetization
- Future revenue opportunities (e.g. Music)

1. All-time activations adjusted for device retirement. Device retirement as a % of activations: 9/30/09: 3%, 12/31/09: 6%, 3/31/10: 10%, 6/30/10: 12%.

(2) Google books ~5% revenues for App Sales and does not account for 70% that goes to the developers, and ~25% that goes to the carriers.

Froyo Release

- Tethering & Portable Hotspot
- Perf: JIT Compiler (2~5x), Browser (4x V8 Bench, 2x SunSpider)
- Adobe Flash support in Browser
- Cloud-to-Device Messaging API & Service
- Enterprise (Exchange & Necktie): security policies, remote wipe, Exchange GAL autocomplete in Email
- Market: auto-update, update-all, focus on discoverability (widget, spell correct), apps on SD card



Product Roadmap: New Releases Q3/Q4

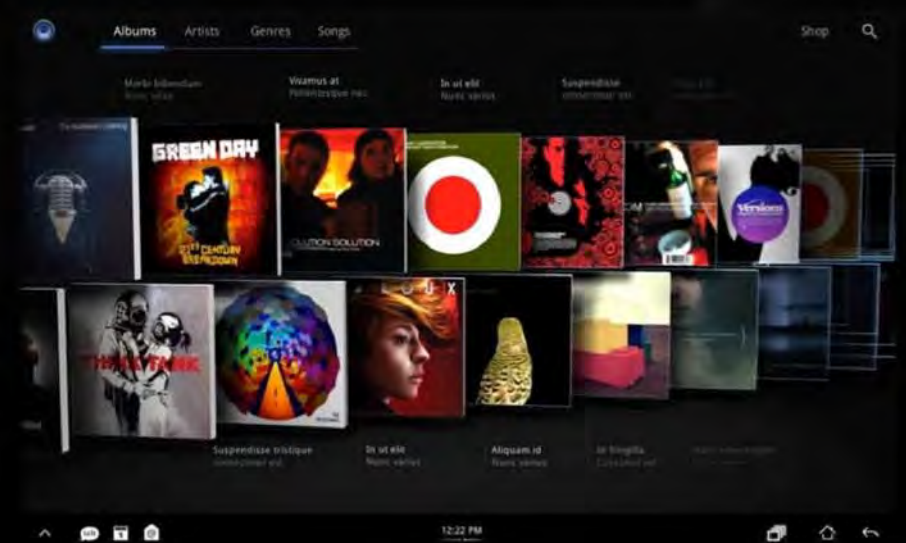
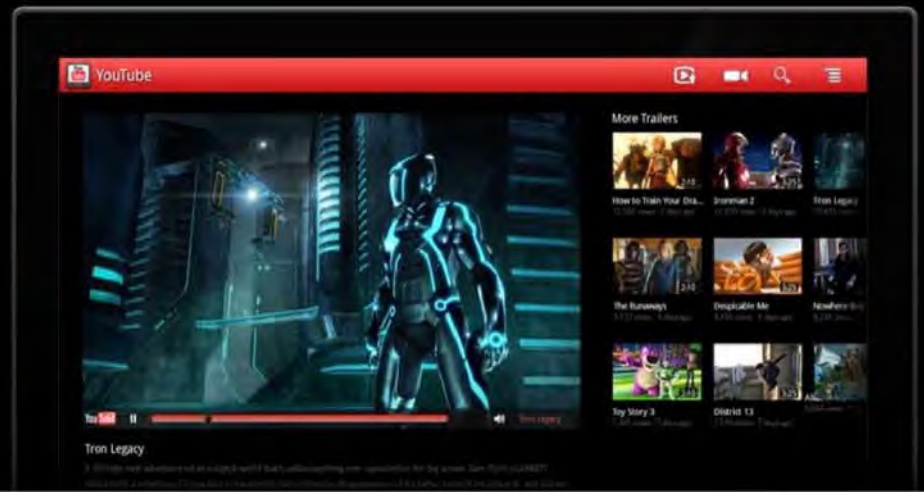
| | |
|------------------------|---|
| Unbundled Updates (Q3) | <p>Search – suggest improvements for voice, market, business listings; additional voice control options (call, email, listen to, alarm set, etc)</p> <p>Gmail -- UI updates, reply and draft enhancements, performance</p> <p>YouTube -- UI, discovery redesign, monetizable content</p> <p>Market – recommendations, search suggest, PayPay, in-app billing, carrier billing, refund policy change, licensing server, large-file download/upload</p> <p>Keyboard – improved prediction, punctuation suggestion, editing suggestions</p> |
| Platform Releases (Q4) | <p>Gingerbread – Gaming device (Zeus) + Z-system (game kit) + Market update</p> <p>Honeycomb – Tablet (OS and apps) + Digital Media purchase and consumption</p> |
| Lead Devices (Q4) | <p>Gingerbread: Sony Ericsson Playstation phone (Zeus):</p> <ul style="list-style-type: none"> • Gaming device with slide out controls • Game catalog/channel within Market • PS1 Emulator and new Z-system content <p>Honeycomb: Motorola Tablet (Stingray):</p> <ul style="list-style-type: none"> • 10.1" 720p+ (1280x800) display, 10 finger multi-touch • 1GB RAM, 32GB* flash; front- & rear-facing camera • WiFi with pluggable 3G & LTE (technician or advanced user) |
| Digital Media (Q4) | <ul style="list-style-type: none"> • Store/Market: Web and device versions of store for apps, video, books, music; more carrier billing, PayPal phase 2, more Market geographies • New tablet digital media consumption apps for video, books, music (linked to store) • Music web consumption app (linked to store) -- skyjam • Digital media back-end (aka Finsky): Integration to market and sources for video (YT), books (Ocean), music • Video DRM |

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Tablet update



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Agenda

- OCQ
 - Android momentum
 - Highlights/Lowlights
 - P&L and key metrics
 - Product Roadmap
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Android spreads value

Direct Revenue Impact

- **Mobile Ads Revenue Enabled on Android -- \$159M FY10**
 - Search \$89M, AFMA \$56M, AFMC/AFMS \$14M
- **Android Market Revenue – \$3.8M FY10 (\$76M of apps sales)**

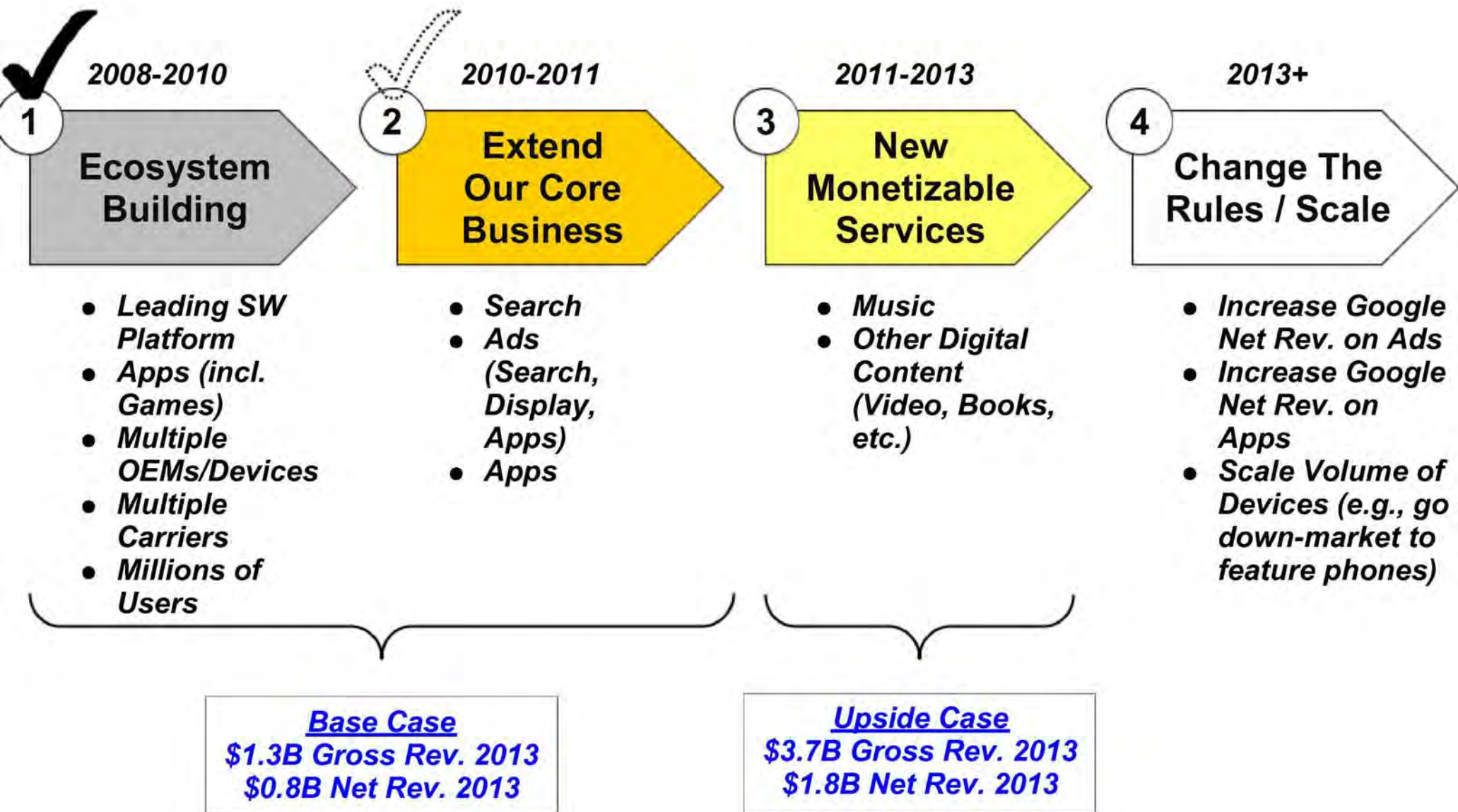
Additional Benefits to Google

- **Adoption of Open Smartphones with Heavy Internet Usage**
 - Increased penetration of smartphones and data plans
 - Greater share of smartphones using Google Search
 - Greater share of smartphones using Google applications/services
- **Significant Influence on the Mobile Internet**
 - Winning platform enables Google to be one of the major drivers of mobile internet
- **Technology Platform Leveraged by Other Google Products**
 - E.g., GoogleTV
- **Deeper, Stronger Relationships with Partners**
 - OEM: HTC, Motorola, Samsung, LG, etc.
 - Carrier: Verizon, T-Mobile, Vodafone, etc.
 - Semiconductor: Qualcomm, Intel, Nvidia, etc.
 - Software: Adobe
 - Media: Record labels, movie studios, news organizations, etc.

Benefits to the Ecosystem

- **Improved Mobile Ecosystem**
 - Changes in user expectations -- demanding better hardware, faster connections, better internet experience on phones
 - Lower-cost data plans
 - Reduced subscriber acquisition costs (Google brand drives users to carriers)
- **Improved Advertising Ecosystem**
 - Ad formats and targeting capability unique to smartphones (e.g., location)
 - Deeper user engagement and intent signals
- **Improved Publisher Ecosystem**
 - Emergence of entirely new publishing segment – Apps
 - Incremental traffic and more engaged users

Android Strategy - Focused on Phase 2, moving to Phase 3



Android Music Opportunity – \$1.3 - \$2B business by 2013

Music Download Service

- Purchase of non-DRM music
- \$0.99-1.29 per song; 3.2 songs/user/mo
- 70% revenue share to labels
- Adoption: 10%/15% of Android Devices

Music Locker

- Library storage in the cloud
- Upload once with ContentID
- One copy licensed and stored in cloud
- Stream or download anywhere
- ~\$2.99 per month
- 50% revenue share to labels after costs
- Adoption: 7%/13% of Android Devices

Additional Features to Drive Adoption of Music Locker

- **DRM Conversion**
 - Un-DRM songs on your hard drive & upload
- **Quality Upgrade**
 - Refresh old music files to "HD" (320 kb)

| Revenue (Millions) | 2010 | 2011 | 2012 | 2013 |
|------------------------------------|--------------|--------------|--------------|----------------|
| Download Users | 1.8 | 6.7 | 13.4 | 21.3 |
| Gross Revenue, Downloads | \$78 | \$285 | \$571 | \$906 |
| <i>Net Revenue, Downloads</i> | \$23 | \$85 | \$171 | \$272 |
| Music Locker Users | 1.3 | 4.7 | 9.4 | 14.9 |
| Gross Revenue, Music Locker | \$46 | \$168 | \$337 | \$534 |
| <i>Net Revenue, Music Locker</i> | \$26 | \$94 | \$189 | \$300 |
| Total Gross Revenue | \$124 | \$452 | \$908 | \$1,439 |
| <i>Revenue Share to Labels</i> | \$75 | \$272 | \$547 | \$867 |
| <i>Total Net Revenue</i> | \$49 | \$180 | \$361 | \$572 |

Base Case

| Revenue (Millions) | 2010 | 2011 | 2012 | 2013 |
|------------------------------------|--------------|--------------|----------------|----------------|
| Download Users | 2.7 | 10.0 | 20.1 | 31.9 |
| Gross Revenue, Downloads | \$117 | \$427 | \$857 | \$1,359 |
| <i>Net Revenue, Downloads</i> | \$35 | \$128 | \$257 | \$408 |
| Music Locker Users | 2.4 | 8.7 | 17.4 | 27.6 |
| Gross Revenue, Music Locker | \$85 | \$311 | \$625 | \$991 |
| <i>Net Revenue, Music Locker</i> | \$48 | \$175 | \$352 | \$558 |
| Total Gross Revenue | \$202 | \$738 | \$1,482 | \$2,350 |
| <i>Revenue Share to Labels</i> | \$119 | \$435 | \$873 | \$1,385 |
| <i>Total Net Revenue</i> | \$83 | \$303 | \$609 | \$965 |

Aggressive Case

New Music opportunity, along with ads and apps, drives Android Revenue opportunity of \$3.7B by 2013

| Gross Revenues (\$M) | 2009 | 2010 | 2011 | 2012 | 2013 | CAGR (2010-2013) |
|----------------------|------|-------|---------|---------|---------|------------------|
| Ads | 15.7 | 158.9 | 492.8 | 804.3 | 1,271.5 | 100% |
| Apps | 1.1 | 3.8 | 14.5 | 35.9 | 64.8 | 158% |
| Base Case | 16.8 | 162.7 | 507.3 | 840.2 | 1,336.3 | 102% |
| + Music | - | 202.0 | 738.0 | 1,482.0 | 2,350.0 | 127% |
| Upside Case | 16.8 | 364.7 | 1,245.3 | 2,322.2 | 3,686.3 | 116% |

Represents
\$1.3B in total
App Sales (1)

| Net Revenues (\$M) | 2009 | 2010 | 2011 | 2012 | 2013 | CAGR (2010-2013) |
|--------------------|------|-------|-------|---------|---------|------------------|
| Ads | 12.9 | 97.1 | 300.6 | 490.6 | 775.6 | 100% |
| Apps | 1.1 | 3.8 | 14.5 | 35.9 | 64.8 | 158% |
| Base Case | 14.0 | 100.9 | 315.1 | 526.5 | 840.4 | 103% |
| + Music | - | 83.0 | 303.0 | 609.0 | 965.0 | 127% |
| Upside Case | 14.0 | 183.9 | 618.1 | 1,135.5 | 1,805.4 | 114% |



(1) Google accounts ~5% revenues for App Sales and does not account for 70% that goes to the developers, and ~25% that goes to the carriers
App Sales Revenue Accounting to be discussed with the Rev Accounting, Tax, and Compliance teams. For now, we will continue to book ~5% as Google revenues

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Priorities and Asks

Priorities for Remainder of 2010

- Ginberbread/Zeus
- Honeycomb/Tablet
- Music store & cloud service

Asks

- Support for continued investment in new opportunities
 - resources
- Fast track approval process for digital content deals

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Appendix



Smartphone and tablet projections

| | | Smartphones (M units) | 2009 | 2010 | 2011 | 2012 | 2013 |
|-------------|--------------------|--------------------------------|----------|-----------|-----------|-----------|------------|
| Smartphones | Android | Installed Base | 5.5 | 40 | 95 | 145 | 220 |
| | | New Sales | 5 | 35 | 55 | 50 | 75 |
| | | Replacement Sales* | 0 | 0 | 5 | 40 | 95 |
| | | Total Sales | 5 | 35 | 60 | 90 | 170 |
| | Strategy Analytics | Smartphone Installed Base | 340 | 458 | 588 | 724 | 867 |
| | | <i>Implied Android % share</i> | 2% | 9% | 16% | 20% | 25% |
| | GSSO Fact Pack | Smartphone Installed Base | 344 | 445 | 544 | 643 | 740 |
| | | <i>Implied Android % share</i> | 2% | 9% | 17% | 23% | 30% |
| | | | | | | | |
| | | | | | | | |
| | | Tablets (M units) | 2009 | 2010 | 2011 | 2012 | 2013 |
| Tablets | Android | Installed Base | | 0.5 | 10 | 20 | 35 |
| | | Sales | | 0.5 | 10 | 10 | 15 |
| | Morgan Stanley | Tablet Shipments | | 12 | 30 | 46 | |
| | | <i>Implied Android % share</i> | | 4% | 33% | 22% | |
| | | | | | | | |

* Assumes 2 year replacement cycle for smartphones

Note: Analyst tablet shipment forecasts vary significantly—directional only

Source: Morgan Stanley (June 8, 2010); GSSO Global Ad Spend Fact Pack (2010); Strategy Analytics (2010)

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Ads Revenue Forecast Model, yellow = input cells

| | 2010 | 2011 | 2012 | 2013 | CAGR ('10 - '13) |
|------------------------------------|----------------------|----------------------|----------------------|------------------------|------------------|
| Installed base for # phones | 40,000,000 | 95,000,000 | 145,000,000 | 220,000,000 | 77% |
| Installed base for # tablets | 450,000 | 10,000,000 | 20,000,000 | 35,000,000 | 327% |
| Phone RPMs | \$9.0 | \$9.6 | \$9.6 | \$9.6 | |
| Queries per day per phone | 1.2 | 1.1 | 1.1 | 1.1 | |
| Gross Ads Revenues - phones | \$157,680,000 | \$382,808,671 | \$584,286,919 | \$886,504,291 | 78% |
| Gross Ads Revenues - tablets | \$1,237,500 | \$110,000,000 | \$220,000,000 | \$385,000,000 | 578% |
| Total Gross Ads Revenues | \$158,917,500 | \$492,808,671 | \$804,286,919 | \$1,271,504,291 | 100% |
| Rev Share % | 39% | 39% | 39% | 39% | |
| Rev Share \$ | \$61,977,825 | \$192,195,382 | \$313,671,898 | \$495,886,674 | 100% |
| Net Ads Revenues | \$96,939,675 | \$300,613,289 | \$490,615,021 | \$775,617,618 | 100% |
| <u>Components of Ads Revenues:</u> | | | | | |
| AFMA | \$55,932,990 | \$147,582,691 | \$228,977,656 | \$361,992,797 | 86% |
| Distribution | \$73,171,545 | \$239,781,216 | \$403,295,432 | \$637,573,309 | 106% |
| Organic | \$15,479,611 | \$58,938,333 | \$96,113,149 | \$151,946,126 | 114% |
| AFMS/ AFMC | \$14,333,355 | \$46,506,431 | \$75,900,682 | \$119,992,059 | 103% |
| Total Gross Ads Revenues | \$158,917,500 | \$492,808,671 | \$804,286,919 | \$1,271,504,291 | 100% |



1. Ads Revenues modeled based on RPMs and Queries per day per device
2. 2011 RPMs increase from \$9 to \$9.6 due to Android Tablets, which are likely to have higher RPMs than phones. RPMs then stay flat from 2011 – 2013 because of international growth
3. Assuming Queries per day per device follow the same trend as an iPhone
4. Assumes Rev Share % staying flat from 2010 to 2013
5. 2010 Ads revenues constitute Search Distribution (46%), Search Organic (10%), AFMA (35%), and Display (9%: AFMS + AFMC)
6. Search share likely to increase from 56% in 2010 to 62% in 2013, AFMS share likely to go down from 35% in 2010 to 28% in 2013.

Apps Sales Revenue Forecast Model, yellow = input cells

| | 2010 | 2011 | 2012 | 2013 | CAGR ('10 - '13) |
|---|---------------------|----------------------|----------------------|------------------------|------------------|
| Installed base for # phones | 40,000,000 | 95,000,000 | 145,000,000 | 220,000,000 | 77% |
| Installed base for # tablets | 450,000 | 10,000,000 | 20,000,000 | 35,000,000 | 327% |
| Downloads per device | 170 | 172 | 175 | 175 | |
| % Paid Downloads - phones | 0.64% | 0.75% | 1.00% | 1.20% | |
| % Paid Downloads - tablets | 1.27% | 1.50% | 2.00% | 2.40% | |
| Avg Paid Download Price | \$3.03 | \$2.88 | \$2.74 | \$2.60 | |
| App Sales Gross Revenues - phones | \$74,774,755 | \$250,776,025 | \$574,131,507 | \$995,406,888 | 137% |
| App Sales Gross Revenues - tablets | \$737,909 | \$38,823,844 | \$143,532,877 | \$299,985,638 | 641% |
| Total App Sales Gross Revenues | \$75,512,664 | \$289,599,869 | \$717,664,383 | \$1,295,392,526 | 158% |
| Rev Share %, paid to developers and carriers | 95% | 95% | 95% | 95% | |
| Rev Share \$ | \$71,737,031 | \$275,119,876 | \$681,781,164 | \$1,230,622,899 | 158% |
| Net App Sales Revenues, booked to Google | \$3,775,633 | \$14,479,993 | \$35,883,219 | \$64,769,626 | 158% |

Conservative estimate,
far from Apple's 25%

1. App Sales Revenues modeled based on Downloads per device, % paid downloads, and average paid download price
2. Assume number of downloads consistent with past 18 months, ~44 per user/qtr
3. Key driving assumption, percentage of D/Ls paid for: assume figure doubles in 3 years from 0.6% to 1.2%; conservative estimate, far from Apple's 25%
4. % paid downloads on a tablet are twice that of a phone
5. Price declines 5% a year from current \$3.03 as competition in store increases
6. Assumes Rev Share % staying flat from 2010 to 2013.